Wayne Hedberg
M/049/009
(BOND FILE)

86th Annual Report

of

Chief Consolidated Mining Company

FOR THE YEAR ENDED
DECEMBER
THIRTY-FIRST
NINETEEN HUNDRED
AND NINETY FOUR

Including 1994 Annual Report on Form 10-KSB
as filed with the Securities and Exchange Commission

Chief Consolidated Mining Company

General Mining Offices: Eureka, Utah 84628
Executive Offices: 866 Second Avenue, New York, N.Y. 10017

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COMMON STOCK*

	High		Low	
1995 Market Price	**Bid**	**Asked**	**Bid**	**Asked**
First Quarter	9 1/8	9 1/2	4 3/4	5 1/8
Second Quarter	7 7/8	8 1/4	6 3/4	7 1/2
1994 Market Price				
First Quarter	4 5/8	4 7/8	3 3/8	3 5/8
Second Quarter	4 1/8	4 1/2	3 3/8	3 1/2
Third Quarter	4 3/4	5 5/8	3 3/8	3 5/8
Fourth Quarter	6	6 3/4	4 1/2	4 7/8
1993 Market Price				
First Quarter	5 1/4	5 3/4	3 1/2	3 3/4
Second Quarter	5 3/4	6	4	4 7/8
Third Quarter	5 3/4	6 1/4	3 1/2	3 7/8
Fourth Quarter	3 1/2	4	3	3 3/8

*Market Prices—NASDAQ

Chief Consolidated Mining Company common stock is traded on NASDAQ (Ticker Symbol: CFCM) and the Pacific Stock Exchange (Ticker Symbol: CFC).

PREFERRED STOCK

Due to the relatively few shares outstanding (1994—5,653), a price for the preferred stock is no longer quoted on the O-T-C market. The Company maintains an open offer to preferred shareholders to exchange their preferred stock for common stock on a share for share basis.

CHAIRMAN'S LETTER TO SHAREHOLDERS

To Chief Shareholders:

Now that your Company is a fully operational mining company as it conducts its extensive underground drilling and development program, it is important for Chief shareholders to be aware of the magnitude of the "world class" orebody that your Management is in the process of developing, and the impact the program will have.

EAST TINTIC DISTRICT OPERATIONS AREA

Increase in Reserves:

The significance of the results to date of Chief's East Tintic District underground drilling program cannot be overemphasized. Your Company's objective to at least double the current proven and probable reserves of the Burgin orebody is well on its way to becoming a reality. The first nine underground drillholes intercepted the high grade silver, lead and zinc values contained in the ever expanding dimensions of the known area of the Burgin orebody. Prior to the initiation of the drilling program, the proven and probable Burgin orebody reserves were: 1,032,000 tons of ore containing an estimated 23.9 million ounces of silver, 550 million pounds of lead and 180 million pounds of zinc.

The drilling to date has also resulted in the discovery of a new ore zone containing gold values in addition to silver, lead and zinc values. Additional drilling in this gold area to deliniate the size of the gold zone has resulted in an increase in the number of planned drillholes from thirteen to twenty two. The gold discoveries will add a new dimension to your Company's reserves when they are compiled after the completion of the drilling program.

Acquisition of South Standard Mining Company:

Before reporting the drilling results, it is important for shareholders to be aware of the significance of your Company's acquisition of South Standard Mining Company, announced by Chief and South Standard on July 12, 1995. The acquisition of South Standard by Chief is based on an offer to exchange three shares of Chief stock for each ten shares of South Standard stock outstanding. South Standard has 1,241,717 shares outstanding and, in exchange, your Company will issue some 370,000 (approximately 8%) of its shares to complete the merger. Acquisition of South Standard by Chief is subject to execution of a formal merger agreement and the approval of South Standard's shareholders.

The acquisition of South Standard would put under your Company's ownership all of the properties originally incorporated in the Kennecott Unit Lease, which then included the properties of Tintic Standard, Eureka Standard, Eureka Lily, South Standard and Chief. South Standard's properties total approximately 2,550 acres contiguous to the south and west of your Company's East Tintic properties. The Trixie gold mine, located on South Standard's property, produced gold and silver ores when it was in operation, initially by Kennecott Corp., and then by Sunshine Mining Company until Sunshine terminated mining the Trixie in October, 1992. On November 13, 1992 Sunshine agreed to relinquish its two leases with your Company and South Standard.

The Trixie Mine production shaft, during the entire period of its operation, lifted gold and silver ores well under its rated capacity. The reason for this limited production was that the ores were used as a fluxing agent (catalyst) in copper smelters, rather than being processed in the Burgin concentrating mill and were therefore subject to the limited requirements of smelter outlets. According to a published South Standard report, beginning with the start of production in 1969 through closing in 1992, the Trixie Mine produced 713,478 tons of ore with an average grade of 6.55 ounces of silver and 0.21 ounces of gold per ton for a total production of 4,670,289 ounces of silver and 150,048 ounces of gold. There are currently no Trixie Mine ore reserve figures available.

Once the acquisition of South Standard is completed, South Standard's properties will be included in the future Chief/Akiko joint venture area, which will then increase in size to approximately 11,500 acres. Two operational shafts, the Apex #2 shaft and the Trixie shaft, will then be located on the properties subject to the joint venture. Akiko Gold Resources, Ltd., can earn a 50% vested joint venture interest in Chief's East Tintic District Operations Area properties after making payments totaling $10,140,000, of which $2,140,000 has been received by your Company to date. For full details of your Company's agreement with Akiko, see Page 4, Item 1 of Chief's 1994 SEC Form 10-KSB which is included in its entirety in this report.

Drilling Results to Date:

Following are the assay results of the first nine underground drillholes drilled into several peripheral areas of the Burgin orebody. The assay results and continuity of the drillhole discoveries have resulted in the increase of substantial additional tonnage to the present reserves. The boundaries of the known areas of the Burgin orebody continue to be extended as the drilling program progresses.

		Per Ton			
Drillhole Number	Length of Intercept	Ounces of Silver	Ounces of Gold	Pounds of Lead	Pounds of Zinc
1	104 ft.	21 oz.	-	640 lbs	80 lbs
2	55 ft.	10 oz.	-	640 lbs	220 lbs
3	42 ft.	5 oz.	-	280 lbs	200 lbs
4	8 ft.	2 oz.	-	80 lbs	240 lbs
5	8 ft.	3 oz.	-	420 lbs	31 lbs
6	26 ft.	3 oz.	0.09 oz.	85 lbs	209 lbs
7	40 ft.	17 oz.	0.04 oz.	93 lbs	57 lbs
8	7 ft.	14 oz.	0.12 oz.	97 lbs	80 lbs
9 (Segment 1)	25 ft.	5 oz.	0.10 oz.	316 lbs	20 lbs
9 (Segment 2)	15 ft.	4 oz.	0.09 oz.	274 lbs	12 lbs
9 (Segment 3)	20 ft.	6 oz.	0.05 oz.	315 lbs	10 lbs

Following are especially high grade segments included in several of the above drillholes:

Drillhole Number	Length of Intercept	Per Ton Ounces of Silver	Ounces of Gold	Pounds of Lead	Pounds of Zinc
1	8 ft.	58 oz.	-	960 lbs	80 lbs
2	17ft.	33 oz.	-	660 lbs	60 lbs
7	14ft.	39 oz.	0.11oz.	235 lbs	111 lbs

In analyzing the above results, shareholders should keep in mind that the comparatively shorter intercepts are highly significant in terms of defining the thrust of the Burgin orebody as it extends open ended in all directions. Shareholders should also view these assay results in terms of total value per ton, taking into account the metallic values of all the metals contained. (Current metal prices as of the date of this letter are: silver - $5.33 per ounce; gold - $390.00 per ounce; lead - 42 cents per pound; zinc - 53 cents per pound).

After the drilling is completed in the southern and eastern areas of the orebody, beginning with drillhole number 14, your Company's two drilling machines will be moved to two new northern drill stations. The drilling will then begin for the indicated high grade silver - lead - zinc ores projected to the north and northeast as well as towards the northwest in the direction of your Company's Tintic Standard Shaft. The indicated reserves in this area were estimated by Sunshine to be an additional 1.1 million tons of ore. In all, it is anticipated that a total of twenty two drillholes will be completed by the end of September, 1995.

Concurrent with its underground drilling program, Chief's management is moving forward expeditiously with the environmental and mine permitting processes. This work by your Company, in conjunction with its outside consultants, is proceeding smoothly and on schedule. Your Management will continue to keep shareholders abreast of up-to-date drilling results.

OTHER PROJECTS

Plutus Mine:

In addition to Chief's operations in the East Tintic District, your Company is moving forward with its plans to reopen the Plutus gold and silver mine. The Plutus mine has been closed since December 1984 when Asarco, after spending in excess of $2 million and rehabilitating the Chief #2 shaft and Plutus Mine underground workings, relinquished its lease on the property. Your Company's plans call for the initiation of the same underground drilling program planned by Asarco, but never implemented. Current work on the project includes site work on the surface in preparation for shaft rehabilitation. The

Plutus mine is located on the 5,500 acres of your Company's properties in the Main Tintic District that are not included in the East Tintic joint venture area.

Homansville Project:

Your Company is continuing to examine several financing options regarding separate funding for its Homansville Gold Mine project. The next step in the Homansville project requires rehabilitation of the Copper Leaf Shaft down to the 1200 foot level to initiate an underground drilling program. The purpose of this work will be to confirm the existence of one or more projected gold orebodies, based on the significant gold values contained in surface drillholes put down at separate times by Kennecott, Sunshine and Chief.

Surface Real Estate Development:

Your Company is continuing in its efforts to initiate development of its estimated 6,000 acres of buildable surface real estate in the Eureka Valley to take advantage of the ever increasing Utah industrial and residential growth. Chief's buildable surface properties are all located in the Main Tintic District and are not part of the joint venture properties. Recent sales by Chief of small parcels of surface real estate, the largest of which was two acres, have been at prices from $7,500 to $10,000 per acre.

In March 1995, Micron Technology Corp. announced its plans to build a $1.3 billion semiconductor plant in Lehi, Utah which is located less than 40 miles from Chief's Eureka Valley properties. The plant is expected to employ 3,500 full time workers and generate an additional 12,000 construction and plant-related jobs. It is your Management's belief that the new Micron plant is an example of the rapid industrial growth of the area and it is just a matter of time before this continuing expansion will impact favorably on your Company's surface real estate holdings. Surface real estate is not reflected on Chief's balance sheet since it is carried at a zero valuation.

SUMMARY

The substantial increase in both the price of Chief stock, and the investor interest in your Company since it became operational, reflects the realization in the marketplace that something unique in the history of the domestic mining industry is taking place. Two major mining companies, Kennecott and Sunshine, built a mining complex, consisting of operating shafts, a concentrating mill and numerous support buildings and in the process discovered and proved up "world class" ore reserves located within the security of United States borders, ironically, as it has turned out, for your benefit as a Chief shareholder.

During that period, your Company took in over $2 million in royalties and incurred no long or short term debt. In addition, even after the South Standard acquisition is consummated, the number of your Company's outstanding shares will represent only a small fraction of the average number of outstanding shares of mining companies with comparable assets.

The future of your Company looks even more interesting than the unusual set of circumstances that constituted its recent past, which we believe was only the prologue for a dynamic and profitable future. Thank you for your continuing support.

Leonard Weitz
Chairman and Chief Executive Officer
July 17, 1995

Chief Consolidated Mining Company
1994 Form 10-KSB Report

This report to shareholders includes a complete copy of Chief Consolidated Mining Company's 1994 Form 10-KSB Annual Report to the Securities and Exchange Commission which contains among other information, a description of the Corporation's business, a discussion and analysis of financial condition and results of operations and financial statements. The Form 10-KSB report is included because of the similarity of the information required to be contained in the annual reports to shareholders and to the Securities and Exchange Commission, and in the interest of providing broad disclosure of the activities of Chief to those interested in its affairs. The report on Form 10-KSB has been neither approved nor disapproved by the Securities and Exchange Commission nor has the SEC passed upon its accuracy or adequacy.

Index to Form 10-KSB

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-KSB

(Mark One)

☒ Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934 (Fee required)

For the fiscal year ended December 31, 1994

☐ Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 (No Fee required)

For the transition period from ____________________ to ____________________

Commission file number 1-1761

CHIEF CONSOLIDATED MINING COMPANY
(Name of Small Business Issuer in Its Charter)

Arizona	87-0122295
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
866 Second Avenue, New York, New York	10017
(Address of Principal Executive Offices)	(Zip Code)

(212) 688-8130
(Issuer's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Exchange Act::

Title of Each Class	Name of Each Exchange on which Registered
Common stock, $0.50 par value	NASDAQ Small-Cap Market
	Pacific Stock Exchange

Securities registered under Section 12(g) of the Exchange Act:

None
(Title of Class)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes___X______No__________

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendments to this Form 10-KSB._______X______

State issuer's revenues for its most recent fiscal year. $76,116

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act.) $34,328,062 as of March 6, 1995.

> Note: If determining whether a person is an affiliate will involve an unreasonable effort and expense, the issuer may calculate the aggregate market value of the common equity held by non-affiliates on the basis of reasonable assumptions, if the assumptions are stated.

ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

Yes ________ No ________

APPLICABLE ONLY TO CORPORATE REGISTRANTS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class	Outstanding at March 6, 1995
Common Stock, $0.50 par value	4,502,041

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference; briefly describe them and identify the part of the Form 10-KSB (e.g., Part 1, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for the fiscal year ended December 24, 1990).

PART I

Item 1. Description of Business.

GENERAL

The Registrant, a Corporation formed under the laws of Arizona in 1909, is the owner of approximately 14,500 acres of patented mining ground in the Tintic Mining District, Juab and Utah Counties, Utah. The Registrant also owns unpatented mining claims covering approximately 500 acres in the vicinity of its patented properties. The Registrant holds stock interests in other companies owning mining properties, all of which are consolidated or unconsolidated subsidiaries of the Registrant.

The Registrant's mining office is located at Eureka, Juab County, Utah 84628. Its executive office is located at 866 Second Avenue, New York, N.Y. 10017. Registrant has a total of eight employees. Mine development work is presently primarily conducted by outside contractors.

TERMINATION OF MINING LEASES

During the period January 1, 1992 through December 31, 1992, Registrant had leased mining rights under a fifty-year lease ("Burgin Lease") covering 1,387 acres ("Burgin Mine property") to Sunshine Mining Company ("Sunshine"). During that time period, Registrant was also co-lessor under a Unit Lease to Sunshine ("Unit Lease") covering a total of 7,311 acres, 5,050 acres of which are owned by Registrant. No ores were mined by Sunshine under the Burgin Lease. Sunshine did conduct mining activities on the property of a co-lessor at the Trixie Mine under the Unit Lease from January, 1992 through October, 1992.

Both the Burgin Lease and the Unit Lease were terminated as of December 31, 1992 as part of the discontinuance of Registrant's lawsuits against Sunshine on November 13, 1992.

Registrant also had received royalties from the sale of waste dump materials from its unleased properties to North Lily Mining Company ("North Lily") during the period January, 1992 through March, 1993. The dump materials sold were utilized by North Lily in its gold heap leaching operations.

EFFECT OF TERMINATION OF BURGIN LEASE AND UNIT LEASE

As stated above, the Burgin Lease and the Unit Lease were each terminated effective December 31, 1992. No advance royalties or earned royalties were received by Registrant in 1993 or 1994. Registrant had received advance royalties of $100,000 in 1992 under the Burgin Lease and earned royalties of $92,854 during the year 1992 under the Unit Lease. Registrant entered the year 1995 without any material source of revenue. See "Agreement With AKIKO Gold Resources Ltd.," below, and "Item 6. Management's Discussion and Analysis or Plan of Operation."

AGREEMENT WITH AKIKO GOLD RESOURCES LTD.

On March 11, 1994, Registrant entered into a written agreement with AKIKO Gold Resources Ltd. ("AKIKO"), a Canadian corporation, providing for the eventual creation of a joint venture for the development of Registrant's East Tintic Mining District properties in Utah and the purchase by AKIKO from Registrant of 1,035,000 shares of Registrant's unregistered common stock over a period of 1-1/2 years at a price of $4 per share, subject to various elections and financings. Included in the joint venture are Registrant's Burgin Mine property and its Homansville area gold project.

The agreement with AKIKO establishes several phases, described below, over which AKIKO will have the right to become fully vested in an undivided 50% interest in the joint venture properties if it meets the monetary conditions of each phase. Overall, at such time as AKIKO has purchased all of the above mentioned 1,035,000 shares of Registrant's common stock from Registrant for $4,140,000 and has funded the joint venture with $6,000,000, AKIKO will become fully vested in its 50% interest in the joint venture properties. If AKIKO does not invest the total of $10,140,000 in Registrant's stock and the joint venture operation, it will relinquish all of its interests in the joint venture property. Any stock that AKIKO has purchased up to the time of such relinquishment of its rights in the joint venture property would be retained by AKIKO.

AKIKO has, to date, purchased 285,000 shares of Registrant's common stock with an additional 250,000 shares to be purchased by May 31, 1995. If AKIKO elects to continue with the Agreement, it must purchase another 500,000 shares of Registrant's common stock by August 31, 1995. After all of the aforesaid shares have been purchased by AKIKO from Registrant, AKIKO shall have the right to continue the agreement, in which event AKIKO must provide funding of $6,000,000 to the joint venture during the period September 1, 1996 and August 31, 1998.

After AKIKO has purchased 535,000 shares of common stock from Registrant, Registrant and AKIKO will enter into a joint venture agreement. Registrant will be the operator of the joint venture until such time as AKIKO has purchased the entire 1,035,000 shares of common stock from Registrant and a feasibility study has been completed, at which time AKIKO will become the operator.

The agreement with AKIKO provides that a portion of AKIKO's contribution of $6,000,000 to the joint venture would be used to rehabilitate the Concentrating Mill (located on property subject to the joint venture). Registrant's current estimate of such rehabilitation costs is $2,600,000.

The joint venture properties under Registrant's agreement with AKIKO do not include Registrant's Main Tintic District properties. See "Item 2. Description of Property."

As of March 6, 1995, there were issued and outstanding 4,502,041 shares of Registrant's common stock, which would increase to 5,252,041 shares if AKIKO purchases the 750,000 share balance of the 1,035,000 shares of Registrant's stock provided for in the agreement.

AKIKO has indicated that its future stock purchases and cash contributions to the joint venture under the joint venture agreement are subject to AKIKO obtaining additional financing.

As indicated above, Registrant's Burgin Mine property is included in the joint venture under the agreement with AKIKO. An extensive underground drilling program is presently being conducted that is designed to confirm and increase the current proven and probable silver-lead-zinc reserves of Registrant's Burgin orebody. See "Item 6. Management's Discussion and Analysis or Plan of Operation - (a) Plan of Operation." for a description of Registrant's current proven and probable reserves and the results to date of the underground drilling program in progress at the Burgin Mine property.

Item 2. Description of Property.

See "Item 1. Description of Business." for acreage owned by Registrant in the Tintic Mining District, Utah. As is also set forth in said Item 1, control of 1,387 acres that had formerly comprised the Burgin Lease was returned to Registrant when the Burgin Lease with Sunshine was terminated effective December 31, 1992. An additional 5,050 acres that was part of the Unit Lease was also returned to Registrant when the Unit Lease was terminated on December 31, 1992. Thus, immediately prior to entering into the agreement with AKIKO, Registrant held 8,450 acres in the East Tintic Mining District of Utah free of any leases, including an additional 2,013 acres that were included in the original Unit Lease, but were severed from the Unit Lease and returned to Registrant in October, 1982. The East Tintic Mining District properties include the Burgin Mine that was operated by Kennecott Corporation, as lessee ("Kennecott") from 1966 to 1978, a concentrating mill and various other buildings and support facilities that were built by Kennecott on Registrant's property.

Sunshine leased the mining rights to the Burgin Mine property from Registrant in 1980 and purchased the Unit Lease from Kennecott in 1983. While the Burgin and Unit Leases were in effect, Sunshine performed both surface and underground exploration, drilling and development activities that resulted in the delineation of the current proven and probable ore reserves of the Burgin Mine. See "Item 6. Management's Discussion and Analysis or Plan of Operation - (a) Plan of Operation." for table of proven and probable ore reserves of the Burgin Mine as reported in Sunshine's Securities and Exchange Commission filing on Form 10-K for its fiscal year ended December 31, 1991.

As a result of Registrant's agreements with Sunshine dated November 13, 1992 and the termination of the Burgin and Unit Leases thereunder effective December 31, 1992, all of the assets and improvements built by Kennecott and Sunshine on the Burgin Mine property, as well as the ore bodies described above, were owned and controlled by Registrant effective January 1, 1993. In addition, under the November 13, 1992 agreements, Registrant received certain real property, equipment and other personal property from Sunshine.

On March 11, 1994, Registrant entered into an agreement with AKIKO providing for a joint venture for the development of Registrant's East Tintic Mining properties, including the Burgin Mine property. The joint venture's primary goal will be to bring the Burgin Mine back into production. See "Item 1. Business - Agreement With AKIKO Gold Resources Ltd. " for

Registrant's plans for the Burgin Mine property are, as aforesaid, dependent in part upon AKIKO's continuing to meet its monetary obligations under its agreement with Registrant. In addition, Registrant's plans are also dependent, in part, upon the results of its drilling program at the Burgin Mine property and other aspects of its development work, such as environmental, permitting and de-watering studies. However, the assay results, as set forth below, of Registrant's underground drilling program and its other development work have so far confirmed Registrant's belief that substantial tonnage will be added to the current proven and probable reserves at the Burgin orebody and that the overall grade will be increased due to the elevated metalic values. The initial results of Registrant's drilling program will increase the width of the area that is now included in the current proven and probable Burgin orebody reserves.

Current ore reserves of the Burgin orebody are estimated as follows:

	Tons of Ore	Ounces of Silver	Tons of Lead	Tons of Zinc
Proven and Probable Reserves(1)	1,032,173	23,903,536	275,090	90,189
Indicated Reserves	1,100,000			

(1) The weighted average ore grades are 23.16 ounces per ton silver, 26.65% lead and 8.75% zinc. Mining dilution is estimated at 22%, and metallurgical recoveries are estimated at, silver 83%, lead 81% and zinc 68%.

The area containing these reserves is readily accessible through the Burgin Mine's Apex #2 Shaft for continued exploration and development. This Shaft is fully operational as a result of rehabilitation work by Registrant during the past several months and by Sunshine prior to the termination of the Burgin Lease.

The assay results of the first two drillholes of Registrant's drilling program at the Burgin Mine property are as follows:

The first drillhole, which was directed to the southeastern area of the current known reserves, intercepted 104 feet of high grade mineralization that assayed at a per ton average of :21 ounces of silver; 32 % lead (640 pounds); and 4% zinc (80 pounds). The intercept included an 8 foot segment that assayed at a per ton average of 58 ounces of silver and 48% lead (960 pounds).

The second drillhole, which was directed to the eastern area of the current known reserves, intercepted 55 feet of high grade mineralization that assayed at a per ton average of: 10 ounces of silver; 32% lead (640 pounds); and 11% zinc (220 pounds). The intercept included a 17 foot segment that assayed at a per ton average of 16 ounces of silver and 33% lead (660 pounds).

Any future production of substantial tonnage from the Burgin orebody would require significant additional funding by the joint venture.

Item 7. Financial Statements.

The Financial Statements of Registrant are filed pursuant to this item of the report. See index to Financial Statements on page 10-KSB22.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

On September 1, 1994, Registrant received a letter from Deloitte & Touche LLP ("Deloitte"), Registrant's former accountant, confirming that the client-auditor relationship had ceased. The termination of the relationship arose after Registrant had requested a reduction in the amount billed to Registrant for the audit covering the fiscal year ended December 31, 1993. Registrant had also indicated its desire to agree in advance upon a fee for the audit covering the fiscal year ended December 31, 1994. Deloitte advised Registrant that Deloitte would be unable to comply with Registrant's fee proposal. As a result, Registrant received from Deloitte the latter's September 1, 1994 letter hereinabove referred to confirming the cessation of the client-auditor relationship.

The report of Deloitte on Registrant's financial statements for the year ended December 31, 1993 was modified by an explanatory paragraph concerning the Registrant's ability to continue as a going concern. Deloitte's report on Registrant's financial statements for the year ended December 31, 1992 did not contain an adverse or a disclaimer of opinion, nor was such report qualified or modified as to uncertainty, audit scope, or accounting principles.

The cessation of the client-auditor relationship between Registrant and Deloitte was due to a fee dispute. The decision to attempt to negotiate fees with Deloitte was not made by the Board of Directors of Registrant, but was an operating decision made by officers of Registrant.

During the two years ended December 31, 1993 and through September 1, 1994, the date the client-auditor relationship ceased, there were no disagreements between Registrant and Deloitte on any matter of accounting principals or practices, financial statement disclosure, or auditing scope or procedure.

On or about October 1, 1994, Registrant retained Arthur Andersen LLP as its independent public accountant. On December 6, 1994, Registrant's shareholders ratified the appointment of Arthur Andersen LLP as Registrant's independent public accountant.

Item 11. Security Ownership of Certain Beneficial Owners and Management.

(a) The following table shows as of March 6, 1995, stock ownership of all persons known to management to be beneficial owners of more than 5% of the common stock of the Registrant:

Name and Address of Beneficial Owners	Amount and Nature of Beneficial Ownership	Percentage of Class
William E. Simon c/o William E. Simon & Sons Inc. 310 South Street, CN 1913 Morristown, N.J. 07960	248,600 shares (1)	5.3%
AKIKO Gold Resources Ltd. 1800 Glenarm Place, Suite 210 Denver, Colorado 80202	1,035,000 shares (2)	19.7%
Palladin Partners I, L.P. 40 West 57th Street, New York, New York 10019	250,000 shares	5.2%

(1) Includes 219,300 shares that William E. Simon has the right to acquire under options issued by the Registrant.

(2) Includes 750,000 shares which AKIKO has the right to purchase under an agreement with Registrant dated March 11, 1994. See "Item 1. Business - Agreement with AKIKO Gold Resources Ltd.".

(b)The equity securities of the Registrant beneficially owned by all directors and by directors and officers of the Registrant as a group, as of March 6, 1995, are:

Title of Class	Name & Address of Beneficial Owner	Amount and Nature of Beneficial Ownership*	Percent of Class
Common Stock, $0.50 par value:	James Callery RD #2, Box 2750 Charlotte, Vermont 05445	108,468 (1)(2)	2.4%
	Paul Hines 12 Flying Cloud Rd. Stamford, Connecticut 06902	65,000(3)	1.4%
	A. Paul Mogensen 28757 Clover Lane Evergreen, Colorado 80439	77,000 (4)	1.7%
	Edward R. Schwartz 1165 Park Avenue New York, New York 10128	85,100 (5)(6)	1.9%
	Leonard Weitz 11 Longview Lane Chappaqua, New York 10514	121,010 (7)(8)	2.6%
	Owned by all directors and officers as a group	456,578 (9)	9.4%
Preferred Stock, $0.50 par value:	None		

* Each director has sole voting and investment power with respect to shares owned.

(1) Does not include an aggregate of 10,500 shares owned by James Callery's wife and children, in which shares James Callery disclaims any beneficial interest.

(2) Includes nonqualified stock options to purchase 60,000 shares held by James Callery.

(3) Includes nonqualified stock options to purchase 60,000 shares held by Paul Hines.

(4) Includes 2,500 shares owned jointly with A. Paul Mogensen's wife and nonqualified stock options to purchase 60,000 shares held by A. Paul Mogensen..

(5) Does not include 200 shares owned by Edward R. Schwartz's wife, in which shares Edward R. Schwartz disclaims any beneficial interest.

(6) Includes incentive stock options to purchase 20,000 shares issued under Registrant's Incentive Stock Option Plan and nonqualified stock options to purchase 60,000 shares held by Edward R. Schwartz.

(7) Does not include 21,500 shares owned by Leonard Weitz's wife, in which shares Leonard Weitz disclaims any beneficial interest.

(8) Includes incentive stock options to purchase 40,000 shares issued under Registrant's Incentive Stock Option plan and nonqualified stock options to purchase 60,000 shares held by Leonard Weitz.

(9) Includes options to purchase an aggregate of 360,000 shares as referred to at Notes (2), (3), (4) (6) and (8) above. Each of said options is exercisable by the optionee in whole or in part at any time until the expiration of the option.

Item 12. Certain Relationships and Related Transactions.

None.

Item 13. Exhibits and Reports on Form 8-K.

(a) Description of Exhibits required to be filed by Item 601 of Regulation S-B

(The numbers shown below next to each exhibit are keyed to Exhibit Table of Item 601 of Regulation S-B)

"(2)" Not applicable

"(3)" Articles of Incorporation and By-Laws:

Registrant hereby incorporates by reference the Articles of Incorporation and By-Laws previously filed with the Commission.

"(4)" Not applicable.

"(9)" Not applicable.

"(10)" Material Contracts:

A. AKIKO Agreement - (i) Agreement (in form of a Letter Agreement) dated March 11, 1994 between Registrant and AKIKO Gold Resources Ltd., Registrant hereby incorporates by reference said Letter Agreement with AKIKO dated March 11, 1994, copies of which were filed with the Commission by Registrant as part of its 1993 Form 10-KSB Report.

(ii) Amendment to AKIKO Agreement in form of a letter from Registrant to AKIKO dated September 1, 1994, a copy of which is annexed hereto as Exhibit "A".

B. Sunshine Lease - Mining Lease and Agreement dated October 15, 1980 between Registrant and Sunshine Mining Company: Registrant hereby incorporates by reference the Sunshine Lease Agreement dated October 15, 1980, copies of which were filed with the Commission by Registrant as part of its Form 8-K Report dated October 22, 1980. The Sunshine Lease was terminated effective December 31, 1992. (See document "J" below.)

C. Unit Lease - Leases and Unit Agreement of August 29, 1956 by and between Registrant and other co-lessors, as lessors, and Bear Creek Mining Company, as Lessee.
Amendments to Unit Lease:
July 5, 1968
January 1, 1972
March 14, 1977
June 16, 1978
October 26, 1982
Registrant hereby incorporates by reference the Unit Lease and each of the Amendments set forth above, copies of which were filed with the Commission by Registrant as part of its 10-K Reports as follows: Amendments 1968 through 1978 - 1980 10-K Report; October 26, 1982 Amendment - 1982 10-K Report. The Unit Lease was terminated effective December 31, 1992. (See document "I", below.)

D. Agreement dated October 1, 1982 between registrant and its co-lessors under the Unit Lease. Registrant hereby incorporates by reference the said Agreement, a copy of which was filed with the Commission by Registrant as part of its 1982 10-K Report.

E. Agreement (signed by Registrant March 25, 1983) between Registrant, its co-lessors under the Unit Lease, and Kennecott. Registrant hereby incorporates by reference the said agreement, a copy of which was filed with the Commission by Registrant as part of its 1983 10-K Report.

F. Agreement (signed by Registrant on August 15, 1989) between Registrant and South Standard, its co-lessor under the Unit Lease, a copy of which was filed with the commission as part of its 1989 10-K Report.

G. Amendment to agreement (signed by Registrant on July 7, 1990) between Registrant and South Standard, its co-lessor under the Unit Lease, a copy of which was filed with the Commission as part of its 1989 10-K Report.

H. Agreement (signed by Registrant on February 5, 1991) between Registrant and North Lily Mining Company, a copy of which was filed with the Commission by Registrant as part of its 1990 10-K report.

I. Agreement dated as of November 13, 1992 between HMC Mining Inc., Sunshine Precious Metals, Inc., and Sunshine Mining Company (collectively "Sunshine Group"), and Chief Consolidated Mining Company and South Standard Mining Company (with Exhibits annexed, except for those Exhibits previously filed by Registrant with the Securities and Exchange Commission) a copy of which was filed with the Commission by Registrant as part of its September 30, 1992 10-Q Report.

J. Agreement dated as of November 13, 1992 between HMC Mining Inc., Sunshine Precious Metals, Inc., and Sunshine Mining Company (collectively "Sunshine Group"), and Chief Consolidated Mining Company (with Exhibits annexed, except for those Exhibits previously filed by Registrant with the Securities and Exchange Commission) a copy of which was filed with the Commission by Registrant as part of its September 30, 1992 10-Q Report.

"(11)" Not applicable.
"(13)" 1994 Annual Report not yet furnished to security holders as of filing date of this Report.
"(16)" Letter from Deloitte & Touche LLP to Registrant dated March 13, 1995, a copy of which is annexed hereto as exhibit "B".
"(18)" Not applicable.
"(21)" Not applicable.
"(22)" Not applicable.
"(23)" Not applicable.
"(24)" Not applicable.
"(27)" Not applicable.
"(28)" Not applicable.
"(99)" Not applicable.

(b) Reports filed on Form 8-K:
None

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Chief Consolidated Mining Company
(Registrant)

By /s/ Leonard Weitz

(Signature and Title)
Leonard Weitz
Chairman of the Board of Directors,
and Chief Executive Officer

Date March 27, 1995

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By /s/ A. Paul Mogensen

(Signature and Title)
A. Paul Mogensen
Director, President
and Chief Operating Officer

Date March 27, 1995

By /s/ Edward R. Schwartz

(Signature and Title)
Edward R. Schwartz
Director, Treasurer,
Principal Financial Officer and
Principal Accounting Officer

Date March 27, 1995

By /s/ James Callery

(Signature and Title)
James Callery
Director

Date March 27, 1995

By /s/ Paul Hines

(Signature and Title)
Paul Hines
Director

Date March 27, 1995

Deloitte &
Touche LLP

Two World Financial Center
New York, New York 10281-1414

Telephone: (212) 436-2000
Facsimile: (212) 436-5000

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Chief Consolidated Mining Company:

We have audited the accompanying consolidated statements of operations, shareholders' equity, and cash flows of Chief Consolidated Mining Company and its subsidiaries for the year ended December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of Chief Consolidated Mining Company and its subsidiaries for the year ended December 31, 1993 in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company continues to have no source of operating income, which raises substantial doubt about the Company's ability to continue as a going concern. In the event that the Company's common stock is not purchased under an existing written agreement and unless the Company were successful in raising funds from other sources, the Company would not have sufficient funds to meet its operating and overhead expenses through calendar 1994. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Deloitte & Touche LLP

March 25, 1994

CHIEF CONSOLIDATED MINING COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1994

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 367,317
U.S. treasury bills at cost which approximates market value	1,281,708
Accounts receivable	20,501
Other current assets	2,303
	1,671,829
INVESTMENT IN AFFILIATE	73,541
ADVANCES TO AFFILIATE	21,150
MINING CLAIMS AND PROPERTIES, less accumulated depletion of $1,927,799	2,654,142
MACHINERY AND EQUIPMENT, less accumulated depreciation of $5,836	39,546
OTHER ASSETS	3,222
	$ 4,463,430

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 185,565
MINORITY INTEREST	42,407
COMMITMENT AND CONTINGENCIES (Note 7)	
SHAREHOLDERS' EQUITY:	
Preferred stock - nonassessable, authorized 1,500,000 shares of $.50 par value each, 5,653 shares outstanding	2,827
Common stock - nonassessable, authorized 20,000,000 shares of $.50 par value each, 4,518,482 shares issued; 16,441 shares held in treasury; 4,502,041 shares outstanding	2,251,020
Capital surplus	7,074,705
Accumulated deficit	(5,093,094)
Total shareholders' equity	$ 4,463,430

The accompanying notes are an integral part of this consolidated balance sheet.

CHIEF CONSOLIDATED MINING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993

	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (992,001)	$ (725,758)
Adjustments to reconcile net loss to net cash used in operating activities:		
Noncash charge related to issuance of common stock options	341,250	-
Issuance of common stock for services rendered	82,907	-
Legal fees satisfied by issuance of common stock	-	139,750
Depreciation	5,836	-
Loss on investment in affiliate	4,804	-
(Increase) decrease in accounts receivable	(17,441)	47,059
Increase in other current assets	(2,303)	-
Increase in accounts payable and accrued expenses	147,775	9,409
Net cash used in operating activities	(429,173)	(529,540)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in U.S. treasury bills	(1,072,537)	(114)
Mining property development costs	(418,663)	-
Purchase of property and equipment	(44,908)	-
Increase in investment in affiliate	(9,800)	-
Advances to affiliates	(3,000)	(2,000)
Net cash used in investing activities	(1,548,908)	(2,114)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from sale of common stock	2,323,688	525,000
Increase in minority interest	119	-
Net cash provided by financing activities	2,323,807	525,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	345,726	(6,654)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	21,591	28,245
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 367,317	$ 21,591

The accompanying notes are an integral part of these consolidated financial statements.

CHIEF CONSOLIDATED MINING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During 1993, the Company issued 34,100 shares of its common stock as payment of legal fees and disbursements totaling $139,750.

During 1994, the Company issued 14,500 shares of its common stock (market price of $70,907 at the time of issuance) to its President and Chief Operating Officer for services rendered in connection with his employment with the Company.

During 1994, the Company issued 2,768 shares of common stock (market price of $12,000 at the time of issuance) to an entity as partial payment for professional services rendered in connection with providing environmental compliance consultation to the Company.

During 1994, the Company issued options for the purchase of 210,000 shares of common stock at an option price of $3.50 per share. The option price was below the market price on the date of grant. In connection with the issuance of these options the Company recognized a noncash charge of $341,250.

The accompanying notes are an integral part of these consolidated financial statements.

CHIEF CONSOLIDATED MINING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION AND BUSINESS

Chief Consolidated Mining Company ("Chief") was incorporated in the state of Arizona in 1909. Chief and its subsidiaries (collectively the "Company") operate as a mineral resource company actively engaged in the exploration and development of its mining claims and properties.

The Company's unrecovered investment in mining claims and properties, net of applicable depletion, is $2,654,142 as of December 31, 1994, representing approximately 59 percent of total Company assets. During the years ended December 31, 1994 and 1993, the Company has not generated significant revenues and has incurred net losses. Additionally, the Company's operations used approximately $429,000 and $530,000 of cash during the years ended December 31, 1994 and 1993, respectively. Significant additional development costs must be incurred to bring any of the Company's mining properties with proven and probable reserves into operation.

On March 11, 1994, the Company entered into a letter agreement (the "Agreement") with AKIKO Gold Resources Ltd. ("AKIKO") providing for the eventual creation of a joint venture and the sale by the Company of a total of 1,035,000 shares of its common stock to AKIKO. The sale of stock to AKIKO is to be transacted through private placement transactions over a period of 1-1/2 years at a price of $4 per share, conditional on various approvals and financing. Under the terms of the Agreement, the Company and AKIKO will enter into a joint venture agreement upon the completion of AKIKO's purchase of the first 535,000 shares of the Company's common stock. The Company will contribute certain of its mining properties to the joint venture and AKIKO will purchase an additional 500,000 shares of the Company's common stock and contribute $6,000,000 to the joint venture. The Company and AKIKO will each receive an undivided 50 percent interest in the joint venture. However, AKIKO's 50 percent interest in the joint venture will not vest until it has expended $10,140,000 ($4,140,000 in purchases of the Company's common stock and $6,000,000 in contribution to the joint venture). The Company will be the operator of the joint venture. However, the Agreement provides for AKIKO to become the operator of the joint venture after their purchase of the 1,035,000 shares of common stock and completion of additional studies on the mining property. The Agreement also provides for AKIKO to have the right to discontinue the Agreement at various stages through August 31, 1998, in which event AKIKO would surrender all its interests in the joint venture, but would retain the common stock of the Company previously purchased.

During 1994, AKIKO purchased 285,000 shares of the Company's common stock for a total purchase price of $1,140,000. Under the terms of the Agreement, AKIKO is scheduled to purchase an additional 750,000 shares of the Company's common stock in 1995 for a total purchase price of $3,000,000. During 1994, the Company also sold 471,400 shares of common stock to accredited investors for net proceeds of $1,183,688. Management believes other sources of additional capital or a new joint venture partner can be secured to continue the development of certain of its mining properties should AKIKO not be able to raise the funds necessary to purchase the Company's common stock and complete other provisions of the proposed joint venture agreement. There can be no assurance that the Company will be successful in obtaining sufficient capital to complete development and bring any of the Company's mining properties into operation. If the Company is not successful in raising additional capital, management intends to reduce expenditures to match its cash flow position.

(2) MINING CLAIMS AND PROPERTY

The Company is the owner of approximately 14,500 acres of patented mining property in the Main and East Tintic Mining Districts of Juab and Utah Counties, Utah and unpatented mining claims covering approximately 500 acres in the vicinity of its patented properties. Costs of developing the mining properties (upon completion of exploration) are capitalized. Exploration costs are expensed as incurred. When a mining property reaches the production stage, the related capitalized costs will be amortized using the units of production method on the basis of periodic estimates of ore reserves. The Company's mining properties are periodically assessed for impairment of value and any losses are charged to operations at the time of impairment. No mineral depletion provisions have been made since 1978 as a result of suspension of mining on the Company's mining properties.

During the year ended December 31, 1993, the Company conducted exploratory surface drilling at a cost of $115,043. The drilling was conducted in order to gain additional geological information about previous gold intercepts in the Company's Homansville area property.

Under an agreement between the Company and South Standard Mining Company ("South Standard"), the Company's co-lessor under a previously terminated lease, the proposed joint venture between the Company and AKIKO (see Note 1) will be obligated to pay South Standard 1.7 percent of the net smelter returns from certain properties within the joint venture.

South Standard is obligated to pay to the Company 54.67 percent of any future lease royalties earned from properties owned by South Standard that had comprised a part of the above mentioned, previously terminated lease.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all majority owned subsidiaries. Investments in which the Company's interest is 50% or less and where it is deemed that the Company's ownership gives it significant influence are accounted for by the equity method.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the Company considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

U.S. Treasury Bills

During 1994, the Company implemented Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." In accordance with SFAS No. 115, the Company has classified all investments in U.S. treasury bills as "available for sale." SFAS No. 115 provides for recording of "available for sale" investments at current market value with an offsetting adjustment to shareholders' equity. At December 31, 1994, cost approximated market value for these treasury bills.

Property and Equipment

Property and equipment are recorded at cost. Major additions and improvements are capitalized while minor replacements, maintenance and repairs that do not increase the useful life of the assets are expensed as incurred. Provision for depreciation of property and equipment has been computed at various straight-line rates, ranging from 3 to 20 years, based on the estimated useful lives of the assets.

Income Taxes

The Company has implemented the provisions of SFAS No. 109, "Accounting for Income Taxes". SFAS No. 109 requires that income tax accounts be computed using the liability method. Deferred taxes are determined based upon the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities given the provisions of currently enacted tax laws.

Net Loss Per Common Share

The Company's net loss per common share has been calculated based on the weighted average number of shares of common stock outstanding during the period. Common stock equivalents were excluded from the calculation of the weighted average number of shares outstanding for the years ended December 31, 1994 and 1993 since they were antidilutive.

Reclassifications

Certain reclassifications have been made to the December 31, 1993 consolidated financial statements in order to conform to the current year presentation.

(4) CAPITALIZATION

The Board of Directors of the Company has authorized the issuance, at the stockholders' option, of common stock in exchange for preferred stock on a share-for-share basis. Preferred shares obtained in the exchange are retired. During 1994 and 1993, no preferred shares were exchanged for common shares.

The shares of preferred stock and common stock of the Company are equal in the right to receive dividends, to vote, and in all other respects except that upon liquidation the preferred shares are entitled to a preferential payment of $.50 per share.

During 1993, the Company issued 34,100 shares of its common stock in full payment of legal fees related to a lawsuit instituted by the Company in 1989 and settled in 1992.

During the year ended December 31, 1994, the Company agreed to compensate its President and Chief Operating Officer (the "President") through cash and/or issuance of common stock at the President's election. The common stock was issued at an agreed upon value of $3.50 per share. During 1994, the Company issued 14,500 shares of common stock to the President for services rendered. The agreed upon value of $3.50 per share was below the market price of the Company's common stock for the period the services were rendered. The Company recognized additional compensation expense of $20,157 in the accompanying 1994 statement of operations in connection with the issuance of these shares. The additional compensation represents the difference between the market price of the Company's common stock during the period the services were rendered and the agreed upon value of $3.50 per share.

During the year ended December 31, 1994, the Company issued 2,768 shares of common stock to an entity as partial payment for professional services rendered in connection with environmental compliance consultation provided to the Company. The shares were issued at a price equal to the market price of the common stock on the date of issuance.

(5) STOCK OPTIONS

Incentive Stock Options

In June, 1982, the shareholders approved an Incentive Stock Option Plan (the "Plan") for key employees which provided for the Board of Directors to grant options to purchase up to 100,000 shares of the Company's common stock. The Plan expired in June 1992, however, stock options issued under the Plan remain in effect. The exercise price for the shares under option is 100 percent of the market price of the stock at the date of grant. As of December 31, 1994, options for the purchase of 75,000 shares of common stock had been issued under the Plan. These options are fully vested and are exercisable at an option price of $2.50 per share. All of the incentive stock options expire in 1995.

Nonqualified Stock Options

The shareholders have approved the issuance of nonqualified stock options to officers, directors and a key employee. The nonqualified options must be exercised within ten years from the date of grant. The options are forfeited if the optionee ceases to be a director of the Company (or a key employee in the case of a nondirector). The following table presents the aggregate number of nonqualified stock options granted and forfeited during the years ended December 31, 1994 and 1993.

	1994	1993
Shares under option, beginning of year	135,000	135,000
Options granted (at an exercise price of $3.50 per share)	210,000	-
Options forfeited (at an exercise price of $4.38 per share)	(25,000)	-
	320,000	135,000

At December 31, 1994, all outstanding nonqualified options for the purchase of common stock were exercisable. The options expire at various dates from December 2003 to September 2004 and are exercisable at an option price of $3.50 per share. During the year ended December 31, 1994, the Company recognized a noncash charge of $341,250 in the accompanying statement of operations in connection with the granting of options to purchase 210,000 shares its common stock as the option price was below the market price on the date of grant.

On December 10, 1993, the Board of Directors approved and on December 6, 1994, the stockholders ratified the replacement of 110,000 nonqualified options for the purchase of common stock that had previously been granted to certain officers and directors of the Company. The replaced options had exercise prices ranging from $5.125 to $5.625 and expiration dates from May 1995 to May 1996. The replacement options have an exercise price of $3.50 (which was the market price on the date of grant) and expire on December 10, 2003. The replacement options have been reflected as outstanding in all periods presented in the above table.

Other Stock Options

In addition to the incentive and nonqualified stock options referred to above, the Company has granted stock options to investors at various times. At December 31, 1994, options for the purchase of 599,300 shares of common stock by investors were outstanding and exercisable. The options are exercisable at prices ranging from $3.00 to $9.52 per share and expire at various dates from October 1995 to September 1997.

(6) INCOME TAXES

The income tax provisions for 1994 and 1993 differ from the amounts computed by applying the statutory federal income tax rate to the loss before provision for income taxes for the following reasons:

	1994	1993
Statutory federal income tax rate	(35.0)%	(35.0)%
State income taxes, net of federal benefit	(3.3)%	(3.3)%
Nondeductible expenses	0.2 %	0.0 %
Change in valuation allowance	38.1 %	38.3 %
Effective income tax rate	- %	- %

The tax effect of temporary differences and the related valuation allowance against the deferred tax asset as of December 31 ,1994 were as follows:

Deferred tax assets:	
Net operating loss carryforward	$ 1,536,260
Future deductible expenses related to issuance of common stock options	138,419
Other	1,839
Total deferred tax assets	1,676,518
Valuation allowance	(1,559,464)
Deferred tax assets, net of valuation allowance	117,054
Deferred tax liability:	
Amortization of development costs	(117,054)
Net deferred taxes	$ -

The Company has net operating loss carryforwards ("NOLs") for federal tax reporting purposes of $4,011,124. The NOLs expire as follows:

Year of Expiration	Amount
1995	$ 513
1996	78,095
1997	161,465
1998	245,953
1999	192,858
2000	219,329
2001	188,990
2002	133,291
2003	204,917
2004	510,052
2005	256,031
2006	166,855
2007	725,358
2008	927,417
	$4,011,124

(7) COMMITMENT AND CONTINGENCIES

Environmental Matters

Prior to 1993, the Company leased its mining properties to other companies for operation, exploration and development. Under the terms of the leases, these other companies were obligated to comply with all federal, state and local environmental laws and regulations affecting the mining industry.

Under the Company's agreement with AKIKO, both the Company and AKIKO would become liable for environmental aspects of future operations on the proposed joint venture's properties. The Company will also be required to apply for the necessary State of Utah permits ("permitting") in connection with various aspects of its development and future mining activities, including its plans for de-watering that portion of the Burgin orebody that is located beneath the water table. Since no final plans will be formulated until additional work and studies at the proposed joint venture properties have been completed, no assessment can be made at this time by the Company concerning potential issues that may be raised by the authorities regarding environmental laws on the permitting. Additionally, no estimate of the costs associated with compliance with the permits or related laws and regulations can be made at this time.

Office Lease

The Company leases office space under a long-term, noncancelable operating lease. Total rent expense for office space was $18,654 in 1994 and 1993, respectively. The lease expires in April 1995. However, the Company anticipates renewing the lease for at least one additional year. Future minimum rental payments (before any renewal) under the lease total $6,161.

BOARD OF DIRECTORS

James Callery

Investments (Principally Oil, Gas and Farming)

Paul Hines

Chief Financial Officer and Director of Purotech International

A. Paul Mogensen

President and Chief Operating Officer of Chief

Edward R. Schwartz

Treasurer and Secretary of Chief; Sales Consultant

Leonard Weitz

Chairman of the Board and Chief Executive Officer of Chief

Executive Officers

Leonard Weitz

Chairman of the Board and Chief Executive Officer

A. Paul Mogensen

President and Chief Operating Officer

Edward R. Schwartz

Treasurer and Secretary

Manager Mining Properties

Adren Underwood

TRANSFER AGENT & REGISTRAR

FIRST INTERSTATE BANK OF CALIFORNIA
26610 West Agoura Road
Calabasas, California 91302

AUDITORS

Arthur Andersen LLP
36 South State Street
Salt Lake City, UT 84111

ANNUAL MEETING OF SHAREHOLDERS

The 1995 meeting of shareholders will be held later this year. Shareholders will receive notice and proxy material prior to the meeting.